

Message Text

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44

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 NEA-14 ISO-00 AEC-11 AID-20

CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 FEA-02 PA-04

PRS-01 USIA-15 DRC-01 /199 W
----- 038420

R 080900Z JUL 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 0176

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY LONDON

USMISSION OECD PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

C O N F I D E N T I A L KUWAIT 2872

EO 11652: NA

TAGS: ENRG, KU

SUBJ: STATUS KUWAIT PARTICIPATION CRUDE AUCTION

REF: A) KUWAIT 2631; B) TEHRAN 5438

1. KUWAIT CRUDE AUCTION STILL WITHOUT DEFINITE RESULTS. MINISTRY
FINANCE AND OIL NO LONGER REFERRING TO SALE AS AUCTION. MFO
OFFICIALS STATE THAT SALES WILL NOT BE FINALIZED PER BIDS SUBMITTED
BY THE TOIL COMPANIES BUT THAT MFO WILL STUDY OFFERS, CONTACT
THE VARIOUS COMPANIES, GIVE THEM MINISTRY'S FURTHER CONDITIONS
FOR THE SALE AND THUS LEAD TO FURTHER NEGOTIATIONS BEFORE FINAL
SALE OF ANY QUANTITY OF OIL.

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2. APPARENTLY 40 TO 50 BIDS RECEIVED SO FAR. WE HAVE NO

CONFIRMATION OF ANY MAJORS BIDDING, BUT THERE RUMOR THAT SHELL HAS MADE SUBSTANTIAL BID. POSSIBLY CONTRARY TO INFORMATION REF B, WE UNDERSTAND SOME SMALLER JAPANESE COMPANIES HAVE OFFERED UP TO 95 PERCENT OF POSTED PRICE.

3. LOCAL KOC OFFICIALS CONFIRM IT ALSO THEIR UNDERSTANDING, AS GIVEN REF B, THAT GOK WILL NOT SELL AT LESS THAN 93 PERCENT POSTED PRICE, THREATENING TO KEEP IN THE GROUND WHATEVER QUANTITY IT CANNOT SELL AT THAT PRICE.

4. MINISTER ATIQUI WILL DEPART FOR CAIRO TUESDAY, JULY 9, FOR ARAB OIL MINISTERS MEETING. KOC OFFICIALS DEPARTED KUWAIT FOR CAIRO JULY 7 IN ORDER TO DISCUSS BUY-BACK WITH ATIQUI THERE, PRESUMABLY IN ORDER TO PREVENT POSSIBLE LEAKS AND AVOID LOCAL DOMESTIC PRESSURES. SINCE KOC IS SOURCE OF OUR INFORMATION THAT MINISTRY WILL NOT ACCEPT ANY PRICE LESS THAN 93 PERCENT POSTED FOR EITHER AUCTION OR BUY-BACK, WE PRESUME THEY GOING TO CAIRO WITH THE EXPECTATION THEY WILL END UP PAYING THIS MUCH FOR AT LEAST A PORTION OF KUWAIT'S PARTICIPATION CRUDE.

5. WE UNDERSTAND MINISTRY DELAYING ANY ANNOUNCEMENT RESULTS OF AUCTION AND/OR BUY-BACK UNTIL AFTER CONCLUSION OF NATIONAL ASSEMBLY SESSION, EXPECTED BY JULY 15, SO AS TO AVOID POSSIBLE CONFLICT WITH ASSEMBLY.
STOLTZFUS

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NNN

Message Attributes

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US Department of State
EO Systematic Review
30 JUN 2005

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